

FISCAL NOTE

SB 3141 – HB 3455

January 28, 2008

SUMMARY OF BILL: Expands the definition of municipality to include utility districts for the purpose of creating public building authorities (PBAs) if at least three current customers of the utility district file an application with the governing body. Also requires PBA directors be current customers of the utility district. Current law defines municipalities only as counties or incorporated cities or towns, and authorizes only qualified electors of the county to file such an application.

ESTIMATED FISCAL IMPACT:

Increase Local Gov't. Revenue –

\$1,000,000/One-Time/Permissive

\$9,180,000/FY08-09/Permissive

\$8,971,000/FY09-10 and

Thereafter/Permissive

Increase Local Gov't Expenditures –

\$1,000,000/One-Time/Permissive

\$9,180,000/FY08-09/Permissive

\$8,971,000/FY09-10 and

Thereafter/Permissive

Assumptions:

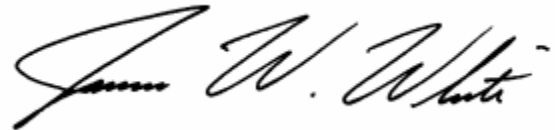
- Expansion of the definition of “municipality” to include utility districts applies only to the Public Building Authorities Act of 1971.
- According to the Comptroller, based on similar PBAs already formed by counties and incorporated cities or towns, approximately \$100,000,000 of 20-year bonds will be issued statewide for purposes authorized by this legislation.
- According to the Comptroller, local government revenue from principal and interest payments made to the PBAs from utility districts receiving loans will be the amount necessary to meet principal and interest requirements on bonds previously issued by the PBAs. The Comptroller estimates FY08-09 revenue to increase \$9,000,000 and FY09-10 and years thereafter revenue to be \$8,800,000.
- According to the Comptroller, there will be one-time revenue of \$1,000,000 from the premium payment received from the sale of

\$100,000,000 bonds. This amount will cover the \$1,000,000 one-time expenditure for up-front issuance costs.

- According to the Comptroller, local government expenditures are estimated to increase \$9,000,000 for FY08-09 and \$8,800,000 for FY09-10 and years thereafter, based on a 4% variable-rate interest cost. Operational costs are estimated to be \$180,000 for FY08-09 and \$171,000 for FY09-10 and years thereafter. This estimate assumes the PBA boards will not hire employees and meeting costs will be minimal. The majority of operating costs will be paid to law firms, banks, and financial institutions managing the loan program.
- According to the Comptroller, there will be one-time expenditure of \$1,000,000 for the up-front issuance costs of the bonds, at \$10 per \$1,000 bonds sold.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and "W".

James W. White, Executive Director

/kmc